

## Message Text

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44

ACTION EB-03

INFO OCT-01 SS-14 ISO-00 EUR-08 NSC-05 NSCE-00 SP-02 L-01

INR-05 CIAE-00 OES-02 EA-06 /047 W

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R 011738Z APR 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9082

INFO AMEMBASSY LONDON

AMEMBASSY TOKYO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USMISSION OECD PARIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L BONN 05219

LIMDIS

E.O. 11652: GDS

TAGS: EEWT, TECH, GW

SUBJECT: IMPACT OF TECHNOLOGY EXPORTS TO COMMUNIST  
COUNTRIES

REF: STATE 064767

1. FROM OUR OWN OBSERVATIONS AND FROM  
DISCUSSIONS WITH KNOWLEDGEABLE GERMAN OFFICIALS WE  
HAVE CONCLUDED THAT, WITH THE EXCEPTION OF COCOM  
COMPLIANCE AND STRATEGIC EXPORT LICENSING PROCEDURES,  
THERE ARE NO FRG GOVERNMENT CONTROLS ON HIGH  
TECHNOLOGY EXPORTS TO THE EAST. NEITHER ARE THERE  
INSTITUTIONAL MECHANISMS TO EXERCISE SUCH CONTROLS.

2. THE GERMAN GOVERNMENT IS KEENLY SENSITIVE TO THE  
IMPORTANCE FOR ITS ECONOMY OF MAINTAINING A HIGH LEVEL  
OF EXPORTS. A LARGE PORTION OF GERMANY'S COMPETITIVE  
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ADVANTAGE LIES IN HIGH TECHNOLOGY PRODUCTS AND THE

FRG WOULD BE LOATH TO DISCOURAGE THE CONTINUED HIGH LEVEL OF EXPORTS OF THESE PRODUCTS. THE ATTAINMENT OF THE SOPHISTICATED LEVEL OF GERMAN TECHNOLOGY INVOLVED SUBSTANTIAL DEVELOPMENT COSTS AND THE FRG IS ANXIOUS TO SELL AS MANY HIGH TECHNOLOGY PRODUCTS AS POSSIBLE IN ORDER TO HELP RECOUP THESE COSTS. THERE IS VERY LITTLE, IF ANY, CONCERN WITHIN THE FRG THAT HIGH TECHNOLOGY EXPORTS TO THE EAST COULD LEAD TO DAMAGING COMPETITION IN DOMESTIC OR THIRD COUNTRY MARKETS. THE FRG PLACES GREAT VALUE ON ITS TECHNOLOGICAL LEAD OVER THE EAST AND IT FEELS THAT BY THE TIME EASTERN BUYERS ARE ABLE TO MASTER AND DUPLICATE THIS TECHNOLOGY GERMANY WILL HAVE ALREADY DEVELOPED MORE ADVANCED TECHNOLOGY AND KEPT ITS LEAD IN THE FIELD.

3. THE FRG BELIEVES THAT WERE IT TO RESTRICT ITS HIGH TECHNOLOGY EXPORTS TO THE EAST IT WOULD CAUSE DRASTIC AND UNDESIRABLE SHRINKAGE IN OVERALL GERMAN-EASTERN TRADE. TO AN INCREASING EXTENT GERMAN TRADE WITH EASTERN COUNTRIES IS BASED ON RECIPROCAL ARRANGEMENTS WHEREBY GERMAN EXPORTS OF PLANT AND EQUIPMENT ARE PAID FOR BY IMPORTS OF THE OUTPUT FROM SUCH PLANTS. THE FRG IS READILY WILLING TO IMPORT PRODUCTS PRODUCED FROM HIGH TECHNOLOGY EXPORTS, SUCH AS ENERGY OR PROCESSED RAW MATERIALS, BUT IT IS LESS WILLING TO RECEIVE PRODUCTS WHICH WOULD RESULT FROM LOWER TECHNOLOGY AND EQUIPMENT EXPORTS SUCH AS TEXTILE OR LEATHER PRODUCTS.

4. THE FRG'S EXPERIENCE WITH EARLIER ATTEMPTS TO USE ADVANCED TECHNOLOGY EXPORTS AS LEVERAGE TO OBTAIN POLITICAL AND ECONOMIC OBJECTIVES IN ITS DEALINGS WITH THE GDR LEAD IT TO THE CONCLUSION THAT THE OPPORTUNITIES FOR SUCCESSFUL IMPLEMENTATION OF SUCH A POLICY IN EAST-WEST TRADE ARE VERY LIMITED INDEED. CURRENT POLICY TENDS TO RESTRICT THE USE OF SUCH LEVERAGE TO SPECIFIC ASPECTS OF THE PROJECT INVOLVED E.G. CONDITIONING OF THE PROPOSED NUCLEAR POWER PLANT IN THE USSR TO THE TRANSMISSION OF ELECTRICITY, THROUGH WEST BERLIN, ON THE WAY TO THE FRG.  
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5. WE SEE NO EVIDENCE THAT LOCAL ATTITUDES IN THIS AREA ARE LIKELY TO CHANGE IN THE NEAR FUTURE.  
HILLENBRAND

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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**To:** STATE  
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